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August 7, 2012

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk and Administrator
Public Service Commission of South Carolina
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Petition of Lockhart Power Company for Approval to Book Revenues in Accordance with Schedule
O Power Adjustment Clause
Docket No. 2012-296-E

Dear Ms. Boyd:

The Office of Regulatory Staff ("ORS") has discussed the above-docketed matter with Lockhart Power Company ("Lockhart") representatives, reviewed the filing and has no objection to the Petition for approval to book revenues in accordance with Schedule O, Power Adjustment Clause. Lockhart's Petition seeks approval to flow through to Lockhart's customers all of the revenues resulting from Lockhart's sale of the generation from the Lower Pacolet Hydro plant ("the plant").

The plant is registered in North Carolina as a "New Renewable Energy Facility" and Lockhart negotiated terms for the sale of its generation to Duke Energy Carolinas, LLC ("Duke"). Duke will use the plant generation to help meet certain North Carolina renewable energy portfolio standard requirements. Duke is offering a premium for the generation plus renewable energy credits that are greater than the economic value Lockhart's customers are currently receiving for the generation. If approved, Lockhart will flow the appropriate apportioned amount of revenue from the Duke contract to its retail customers via Schedule O. Lockhart and ORS believe it is consistent with Schedule O, Power Adjustment Clause to book the revenues from these sales as requested. ORS believes Lockhart's retail customers will benefit from these sales and respectfully requests that the Commission approve the Petition.

Thank you for the opportunity to provide comments in this matter.

Sincerely,



John W. Flitter

JWF/sh

cc: Dan F. Arnett, Chief of Staff, SC ORS
Nanette Edwards, Chief Counsel and Director of Legal Services, SC ORS
Shannon Bowyer Hudson, Esquire, SC ORS
M. John Bowen, Jr., Esquire, McNair Law Firm, P.A. for Lockhart Power Company
Dr. James Spearman, Executive Assistant to SCPSC